Defense Information Systems Agency

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IBM Mainframe Software Reduction Initiative

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This briefing is Unclassified

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Agenda

- Challenges
- Objective
- Strategies
  - Software maintenance cost reductions
  - Unbundling
- Status
- Next steps
- Conclusion

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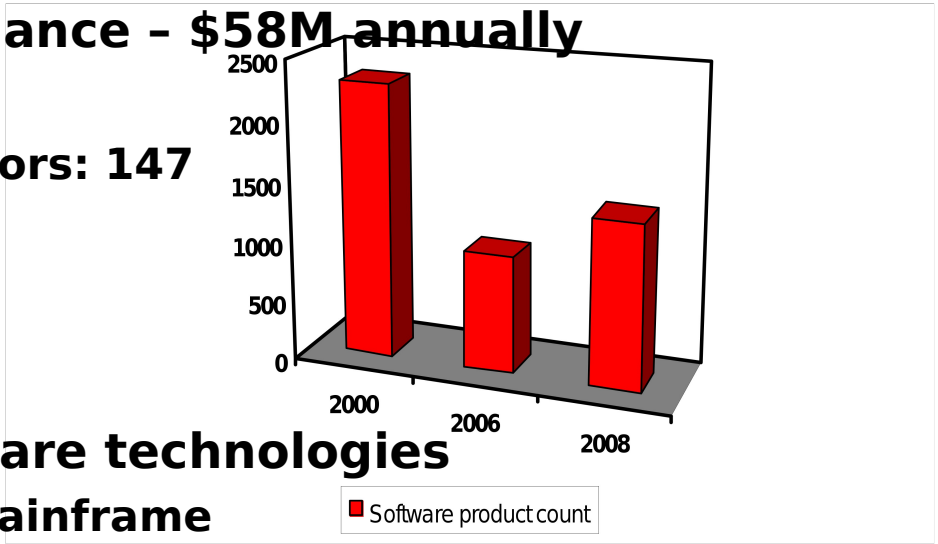
Challenges

- **Software Costs**
  - Total IBM mainframe environment cost – approx $170M
  - Software maintenance – $58M annually
  - Baseline
    - Mainframe vendors: 147
    - Products: 1,374



  - Advances in hardware technologies
    - migration from mainframe
  - DoD/DISA budget realities and financial policies
    - reduction in software budgets
  - Enterprise-level software initiatives take too long

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Objective

- **Reduce software maintenance dollars**
- **Reduce software inventory**
  - Eliminate unused software
  - Reduce functional redundancy
- **Execute Service/Agency SOE**
- **Maintain/increase platform viability**
- **Improve customer application software optimization**

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Strategies

- **Vendor software maintenance cost decreases**
- **Unbundling**
  - Service/Agency SOE
- **Platform optimization**

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Strategies:
Vendor maintenance cost decreases

- **Business "Not-as-Usual"**
  - Creative/consistent licensing models
  - Just-in-Time & On-Demand (vice on the shelf) computing services models
  - Technical reviews of software assets and common functionality
  - Software-as-a-Service
- **Software and enterprise contracts standardization**
- **Sub-capacity pricing**

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Strategies:
Mainframe software unbundling

- All application level software will be directly billed beginning FY11
- Service/Agency SOE may be chosen for Application Level Sub-Categories not meeting exception criteria
- Two versions of software will be supported:
  - "R" – Currently released
  - "R+1" – maximum migration within 18 months of version release
- Three (3) Levels of software
  - Base
  - Core
  - Application
- Exceptions:
  - Base/core level SOE standards
    - Sub-categories not candidates for Service/Agency SOE
  - Application level CSD (enterprise initiative) existing SOE
- No customer owned software will reside on a CSD managed mainframe in any Level

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Strategies:
Mainframe software unbundling

- **Software – Rate (A-Goal)**

  Software meeting the following criteria will remain in the rates:

  - Base and Core Level SOE standards
  - Application Level CSD (enterprise initiative) standards
  - Service/Agency SOE product(s) once converted to standard and all other sub-category products removed from applications
    - A Service/Agency standard not available for use in the rates by another Service/Agency unless complete conversion is performed

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Strategies:
Mainframe Software Unbundling

- **Software – Directly Billed (G-Goal)**
  - Database, Database Support Utilities & Transaction Processing Services
    - Sub-categories not candidates for Service/Agency SOE
  - Application Level software fees (one-time charges & recurring charges) associated with customer workload increases
  - Versions older than ‘R’ will be removed from the rate, will no longer be candidate for SOE and will be directly billed
  - Application Level software directly billed to the Service/Agency Customer Identification Code (CIC) and Billing Account Number (BAN)

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Status

- Application Software notional bill
  - Initial FY11 notional bill generated - 7 March 09
    - Per mainframe,
    - By Service/Agency,
    - By SOE sub-category,
    - By product,
    - By BAN
  - Provided FY11 notional bills to CME - 12 March 09
  - Scrubbing Application software by customer application to ‘tie’ together in asset management system
  - Adjusting notional bill as items resolved

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Next Steps

- CSD & Customer Partner
- Service/Agency designate official POC to declare ‘SOE’
- Identify required application software by customer application
- ‘Tie’ application software to customer application in asset management system
- Identify target areas to reduce / eliminate software
  - Cost analysis
  - Product usage
  - Functional Equivalents
- Identify a reduced product mix if going to a single solution is not feasible – (80-20 rule)
- Continue to adjust notional bill
- Plan changes to avoid potential direct charges

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Conclusion

With CSD & Customer collaboration, these Strategies will:

- **Increase focus on individual Service/Agency requirements**
- **Reduce timeline for establishing Service/Agency standards**
- **Implement scalable on-demand solutions to satisfy rapidly changing processing requirements**
- **Increase customer satisfaction**
- **Streamline software inventory**
- **Maintain contracts for software in use**

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SOE Architecture

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Application Services

Application Development Tools

Transaction Processing Monitors

General Utilities

Network Services

Report Managers

Security and Audit Services

Language Services

Data Access

Print Management Services

Open Services

Data Management Services

Core Services

Network Services

Distributed Systems Services

System Support Monitor Services

Storage Management Services

System Administration Services

Base Operating System

Microsoft Windows

AIX

z/VM

z/OS

HP-UX

SOLARIS

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SUSE